

# REQUEST FOR COUNCIL DECISION



**SUBJECT:** 10-year Capital Plan - 2022-2031  
**PREPARED BY:** Tracey McKinnon, Senior Manager of Financial Services  
**PRESENTED BY:** Tracey McKinnon, Senior Manager of Financial Services  
**DATE:** September 22, 2021

FILE: 13/912

## PURPOSE:

To present the first draft of the 2022 -2031 Capital Plan

## RECOMMENDED MOTION(S):

1. THAT Council accepts this report as information.

## RELATED PRIOR MOTION(S):

N/A

## EXECUTIVE SUMMARY:

Each year Administration prepares both a 10 Year Capital Plan (the 'Plan') as well as the annual capital budget. This report presents the first draft of the 10 Year Capital Plan.

## ANALYSIS:

The purpose of the 2022-2031 Capital Plan is to outline the future capital requirements of the City of Lacombe based on Council priorities and existing infrastructure maintenance requirements.

The expenditures are grouped based on Division. The projects by Division for the 2022-2031 Capital Plan can be found in [Appendix 1- 10 Year Capital Plan](#).

The estimated capital expenditures represented in the 2022-2031 Capital plan are \$79.6 M (before inflation). The spread of the total capital expenditures per year is shown in [Appendix 2 - 10 Year Capital Expenditures](#).

The plan also identifies potential funding sources to fund these capital expenditures within the 10-year horizon. The proposed funding is a combination of third-party contributions, debenture borrowing, grants and reserve contributions.

The estimated funding sources for the 2022-2031 Capital plan are:

Debentures	\$	9.8 M
Grants	\$	30.5 M
Other	\$	5.3 M
Reserve Withdrawals	\$	34.0 M
Total Funding Sources	\$	79.6 M

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The breakdown of the capital funding sources across the 2022- 2031 plan is found in [Appendix 3 - 10 Year Capital Funding](#)

The first year of the 2022-2031 Capital Plan is the Capital Budget, which is approved as authorization for capital expenditure. The remaining 9 years (2023- 2031) are for planning only, and are not authorizations for expenditures. The 10 Year Capital Plan exceeds the provincial and federal requirements for Multi Year Capital Plans, which are conditions of funding for some federal and provincial capital grant programs.

## Major Capital Projects

1. **Public Works Building (2020 - \$1M, 2021 - \$4M, 2022 \$5M) – Total estimated cost \$9.0M**

In 2020, 2021 Council approved a total of \$5M towards the construction of a new public works building. An additional \$4M has been added in 2022 based on recent estimates, to be funded by prior MSI allocations.

2. **Roads Renewal Program - Capital Works – (2022-2031) - Total cost \$28M**

The Roads Asset Management Plan report highlighted work required to maintain the overall condition rating and support new growth for the next 10 years. Road work is now within 2 projects Capital Works – Road Growth or Road Renewal. The Capital Work – Road Growth Program includes items identified in the Transportation Master Plan (TMP) required to support growth in Lacombe. The Road Renewal project includes road surface rehabilitation to maintain current road conditions (approximately \$1.8 M each year of the Capital Plan).

3. **Aquaplex Facility Upgrades (2028 - \$3M)**

The plan includes facility upgrades including the expansion of change rooms and staffing areas as identified in Phase 1 of the Kinsmen Aquatic Center Renovation and Business plan.

4. **Fire Hall (2023 - \$0.5M, 2024 - \$4.5M) – Total Cost \$5.0M**

The plan has identified the construction of a new fire hall. This expenditure is slated to start in 2023 with completion in 2024.

5. **Fire Ladder Truck Replacement – (2024 \$0.6M, 2025 - \$1.1M) -Total Cost \$1.7M**

This unit will replace Tower 1 that was purchased in 2005 and it is nearing the end of its purposeful life and will be up for replacement. Administration recommends replacing

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for a more efficient and agile apparatus at a lower cost than previously anticipated (\$2.6M) which will deliver the same level of service.

**6. New water reservoir and decommissioning of Pumphouse B - (2023 - \$0.2M, 2024- \$0.36M 2025 - \$7.44M) – Total Cost \$8M**

The 2013 Water Model Study and 2021 water model update confirm the need for additional water storage in the future to support growth. This pumphouse is approaching the end of its design life and is smallest of the City's 3 pumphouses. It is preferable to decommission Pump Station B and incorporate the necessary storage volumes and pumping capacities into a new facility from a long-term perspective. The current budget is not sufficient for a new standalone reservoir that meets the City's long-term demand so the preliminary and detailed design in 2023 will be key in refining the capital needs for this project.

## Debt Financing

Debt financing is a major source of capital funding for municipalities. The current interest rate environment is still favourable for financing construction or acquisition of long-lived assets as interest rates on borrowing for new debt. By acquiring new debt at rates below 3 percent, the City is able to meet its capital investment objectives. The tax rate increase due to additional borrowing in the 2022-2031 period is shown in [Appendix 4 - Impact of New Debt on Taxes](#). The projected Debt Servicing Projection, for the 2022-2031 plan can be found in [Appendix 5 - 10 Year Debt Servicing Projection](#).

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## Assumptions

The City of Lacombe's 2022-2031 Capital Plan is based on the following assumptions:

1. The 2022-2031 Capital Plan becomes Council's multi-year capital planning document. The plan does not factor in capital expenditures for years outside of the 10-year horizon.
2. **The plan is fully funded but relies on increased debt servicing. The debt servicing identified will require council to vary from its [Annual Budget Taxation & Preparation Policy](#); namely to increase taxes by more than the Alberta CPI in 2023, 2024, and 2025.**
3. Costs are based on 2022 costs. Inflation is not factored into future expenditures unless specific future costs are known.
4. Whenever possible, replacement of current assets is based on overall condition rating for that class of asset and based on existing engineering studies.
5. Upgrades and new assets are identified using projected requirements and any existing engineering studies.
6. The Municipal Sustainability Initiative (MSI) program is to be replaced by the Local Government Fiscal Framework (LGFF) after the 2023-2024 provincial budget year. The amount of the annual allotment is estimated at a conservative level.
7. The Federal Gas Tax Grant is now called the Community Building Fund. The assumption is that the funding will resume to 2020 (pre top up) levels, adjusted for population growth.
8. Population growth is based on an annual growth rate of 2% and is projected using the 2019 municipal census.
9. No interest revenue is recognized in reserve balances used to fund projects.
10. Water, Wastewater and Solid Waste utilities are self-funded from monthly revenue generated from customers. Capital expenditures, debt payments will be funded specifically from these revenues.
11. Grant and reserve funding is applied on a general basis. Annual budgets will match specific grants and reserves to specific projects.
12. Borrowing requirements are based on specific projects, terms and interest rates. Borrowing is limited to new/upgrade assets. Interest rates are the rates at the time of this report.
13. Surpluses are not identified as a potential source of funding.
14. Annual capital budgets may vary from the plan based on changes in asset conditions and/or priorities.
15. The 10 Year Capital plan is updated annually.
16. The plan identifies a target annual contribution to reserves/capital expenditures. It does not address any shortfall in this annual contribution.
17. Future revenue growth is not considered in the plan and future transfers to reserves are based on current budget transfers unless otherwise noted.

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18. Future assets transferred from developers are not identified in the plan until the time they are transferred.

## **STRATEGIC PLAN ALIGNMENT:**

Adoption of the 2021 -2030 Capital Plan and the Annual Capital Budget aligns favourably with the following goals:

- 4.3.3 (a) - Sustainable Infrastructure, Complete an Asset Management Plan
- 4.5.3 (a) – Community Safety, Explore Train Whistle Cessation with all stakeholder
- 4.5.5 (a) – Future Space Needs, Assess the need for future municipal facilities
- 4.3.1 (a) – Walkable City, Improve City-owned walkways

## **PUBLIC ENGAGEMENT/COMMUNICATION STRATEGY:**

The following engagement strategies are planned:

- Advertise the Council budget workshops are available for public to attend
- Post Budget information on website and social media
- Budget Discussions at the Lacombe Farmers’ Market and Coffee with Council Sessions
- Budget suggestions received at [Budget2022@lacombe.ca](mailto:Budget2022@lacombe.ca) and [Councilconnect@lacombe.ca](mailto:Councilconnect@lacombe.ca)
- Budget Information updates through Council Connect videos

## **ALTERNATIVE MOTION(S):**

1. THAT Council accepts this report as information.

Or

2. THAT Council directs Administration on how they wish to proceed.

## **ATTACHMENTS:**

- Appendix 1 – Capital Expenditures by Division
- Appendix 2 – 10 Year Capital Expenses Graph
- Appendix 3 – 10 Year Capital Funding Graph
- Appendix 4 – 10 Year impact of New Debt Impact on Taxes
- Appendix 5 – 10 Year Debt Servicing Projection

# Capital GL Account Summary - 10 Years

Budget Year 2022  
 Report Group Division

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Expenditure	10,768,131	9,156,487	10,966,991	13,778,599	4,727,932	5,450,334	7,580,449	4,937,756	5,861,229	6,381,812
Environmental Development Services	115,500	-	-	-	-	-	-	-	-	-
62 - Economic Development	115,500	-	-	-	-	-	-	-	-	-
7038 - Electronic Community Sign	115,500	-	-	-	-	-	-	-	-	-
Total 62 - Economic Development	115,500	-	-	-	-	-	-	-	-	-
Total Environmental Development Services	115,500	-	-	-	-	-	-	-	-	-
6747 - Roof Top Units	-	-	-	-	23,000	23,000	23,500	23,500	-	-
6790 - City Hall Furniture	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
7031 - City Hall Renovations	250,000	-	-	-	-	-	-	-	-	-
Total 12 - Administration	270,000	20,000	20,000	20,000	43,000	43,000	43,500	43,500	20,000	20,000
1900 - Website	-	-	35,000	-	-	-	-	35,000	-	-
6791 - Next Generation 911 Communication System Upgrade	-	-	120,000	-	-	-	-	-	-	-
6897 - Accounting Software System	-	-	-	-	-	250,000	-	-	-	-
7099 - AC Unit for IT Server Room	8,000	-	-	-	-	-	-	-	-	-
8800 - Computer & Communications Replacement 2022	47,000	-	-	-	-	-	-	-	-	-
9004 - Computer & Communications Replacement	-	193,500	13,500	17,500	110,000	140,000	45,000	40,000	-	139,000
Total 15 - Computer & IT Services	55,000	193,500	168,500	17,500	110,000	390,000	45,000	75,000	-	139,000
Total General Government	325,000	213,500	188,500	37,500	153,000	433,000	88,500	118,500	20,000	159,000
8600 - Police Fleet Replacement 2022	65,000	-	-	-	-	-	-	-	-	-
9005 - Police Fleet Replacement	-	160,000	155,000	160,000	95,000	170,000	120,000	105,000	165,000	170,000
Total 21 - Police	65,000	160,000	155,000	160,000	95,000	170,000	120,000	105,000	165,000	170,000
6782 - Fire Pumper	-	375,000	375,000	-	-	-	-	-	-	-
6788 - Fire SCBA Equipment	-	-	-	-	-	-	-	-	225,000	-
6895 - Fire Hall - New Construction	-	500,000	4,500,000	-	-	-	-	-	-	-
7014 - Fire Ladder Truck Replacement	-	-	618,000	1,100,000	-	-	-	-	-	-
7015 - Light Duty Command 1 Truck Replacement	-	80,000	-	-	-	-	-	-	-	96,000
7016 - Light Duty Command 2 Truck Replacement	65,000	-	-	-	-	-	-	-	78,000	-
7032 - Fire Dept Radio System Upgrade	-	75,000	75,000	-	-	-	-	-	-	-
7062 - Fire Rescue Truck Replacement	-	-	-	-	-	-	-	-	363,812	-

# Capital GL Account Summary - 10 Years

Budget Year 2022  
 Report Group Division

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Total 23 - Fire	65,000	1,030,000	5,568,000	1,100,000	-	-	-	-	666,812	96,000
Total Protective Services	130,000	1,190,000	5,723,000	1,260,000	95,000	170,000	120,000	105,000	831,812	266,000
7012 - Cemetery Development	-	20,000	-	40,000	-	20,000	-	40,000	-	-
Total 56 - Cemetery	-	20,000	-	40,000	-	20,000	-	40,000	-	-
Total Public Health	-	20,000	-	40,000	-	20,000	-	40,000	-	-
6808 - Portable Lift	-	-	-	-	-	-	-	-	20,000	-
6809 - Floor Scrubber	-	-	-	-	22,500	-	-	-	-	-
6810 - LMC Cafe Kiosk Upgrade	-	-	-	-	-	-	-	-	77,500	-
7041 - Staging	15,000	-	-	-	15,000	-	-	-	-	15,000
7042 - Equipment/Furniture Replacements	-	70,000	15,000	-	-	25,000	15,000	-	20,000	-
7087 - Acoustic Treatments	100,000	-	-	-	-	-	-	-	-	-
7088 - Audio Visual Equipment Upgrade	17,500	-	-	-	-	-	-	-	-	-
7102 - Rebuild Heating & Cooling Pumps	15,000	-	-	-	-	-	-	-	-	-
9700 - LMC Equipment/Furniture Life Cycle Replacement	-	-	-	-	8,000	8,000	-	-	-	-
9701 - LMC Mechanical Life Cycle Replacements	-	15,000	-	-	-	-	-	-	-	-
Total 72 - Lacombe Memorial Centre	147,500	85,000	15,000	-	45,500	33,000	15,000	-	117,500	15,000
6767 - Aquaplex Facility Replacements	-	45,000	10,000	-	-	-	3,000,000	55,000	60,000	65,000
7091 - Pool Basin & Column Refinishing	250,000	-	-	-	-	-	-	-	-	-
9600 - Pool Equipment Life Cycle Replacements	-	-	-	-	8,500	-	-	-	-	-
9601 - Pool Mechanical Life Cycle Replacements	-	-	-	-	25,000	35,000	60,000	-	-	-
Total 73 - Aquatic Centre	250,000	45,000	10,000	-	33,500	35,000	3,060,000	55,000	60,000	65,000
6770 - Arena Facility Replacements	-	30,000	410,000	50,000	60,000	65,000	70,000	75,000	80,000	85,000
7085 - Arena 2 Rubber Flooring	60,000	-	-	-	-	-	-	-	-	-
7086 - Compressor Overhauls	34,000	14,000	-	-	-	-	-	-	-	-
7101 - Arena Scrubber Replacement	9,000	-	-	-	-	-	-	-	-	-
9500 - Arena Equipment Life Cycle Replacements	-	9,000	-	-	25,000	30,000	-	-	20,000	-
9501 - Arena Mechanical Life Cycle Replacements	-	-	-	-	-	-	-	24,000	-	24,000
Total 74 - Arena	103,000	53,000	410,000	50,000	85,000	95,000	70,000	99,000	100,000	109,000

# Capital GL Account Summary - 10 Years

Budget Year 2022  
 Report Group Division

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
6781 - Playground Replacement/Expansion	-	-	300,000	-	300,000	-	300,000	-	300,000	-
6899 - Cranna Lake Trail Repair	135,000	-	-	-	-	70,000	-	-	-	175,000
7000 - Lacombe Athletic Park (LAPA) Upgrades	250,000	250,000	-	-	-	-	-	-	-	-
7060 - Trail Development/ Expansion	-	-	-	200,000	-	200,000	-	200,000	-	200,000
7089 - Campground Washroom Renovations	40,000	-	-	-	-	-	-	-	-	-
7090 - Playground New @ Trinity Crossing	400,000	-	-	-	-	-	-	-	-	-
7096 - Trail to Len Thompson Fish Pond	235,000	-	-	-	-	-	-	-	-	-
7097 - Hearthstone & The Lakes Playground Replacement	300,000	-	-	-	-	-	-	-	-	-
7100 - Attachments for Ventrac Mower	14,000	-	-	-	-	-	-	-	-	-
<b>Total 75 - Parks &amp; Playgrounds</b>	<b>1,374,000</b>	<b>250,000</b>	<b>300,000</b>	<b>200,000</b>	<b>300,000</b>	<b>270,000</b>	<b>300,000</b>	<b>200,000</b>	<b>300,000</b>	<b>375,000</b>
<b>Total Recreation &amp; Culture</b>	<b>1,874,500</b>	<b>433,000</b>	<b>735,000</b>	<b>250,000</b>	<b>464,000</b>	<b>433,000</b>	<b>3,445,000</b>	<b>354,000</b>	<b>577,500</b>	<b>564,000</b>
6813 - Public Works Building	4,000,000	-	-	-	-	-	-	-	-	-
8500 - Fleet Replacement 2022	838,868	-	-	-	-	-	-	-	-	-
8501 - Fleet Purchases for Growth 2022	150,698	-	-	-	-	-	-	-	-	-
9002 - Fleet Replacement	-	674,229	943,454	932,527	777,693	623,063	622,710	691,017	527,678	1,342,812
9003 - Fleet Purchases for Growth	-	67,741	-	-	-	-	-	-	-	-
<b>Total 31 - Common Services</b>	<b>4,989,566</b>	<b>741,970</b>	<b>943,454</b>	<b>932,527</b>	<b>777,693</b>	<b>623,063</b>	<b>622,710</b>	<b>691,017</b>	<b>527,678</b>	<b>1,342,812</b>
6506 - Annual Sidewalk Replacement	104,239	104,239	104,239	104,239	104,239	104,239	104,239	104,239	104,239	-
6800 - Downtown Area Redevelopment & Urban Design Plan Infrastructure Implementation (DARP)	-	340,000	-	340,000	-	340,000	-	340,000	-	340,000
7093 - Pedestrian Crossing	45,000	-	-	-	-	-	-	-	-	-
8000 - 2022 Capital Works Program	3,080,300	-	-	-	-	-	-	-	-	-
9000 - Roads Renewal Program - Capital Works	-	1,805,975	1,782,214	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000
9001 - Roads Growth Program - Capital Works	-	2,750,000	5,000	475,000	475,000	475,000	475,000	475,000	475,000	475,000
<b>Total 32 - Roads</b>	<b>3,229,539</b>	<b>5,000,214</b>	<b>1,891,453</b>	<b>2,719,239</b>	<b>2,379,239</b>	<b>2,719,239</b>	<b>2,379,239</b>	<b>2,719,239</b>	<b>2,379,239</b>	<b>2,615,000</b>
6081 - Airport Taxiway Seal Coating	37,500	-	-	-	-	-	-	-	-	-
6877 - Airport Instrument Flight Rules Approach	-	50,000	-	-	9,000	-	-	-	-	-
7061 - Airport Development	-	50,000	100,000	60,000	-	75,000	75,000	60,000	150,000	60,000
<b>Total 33 - Airport</b>	<b>37,500</b>	<b>100,000</b>	<b>100,000</b>	<b>60,000</b>	<b>9,000</b>	<b>75,000</b>	<b>75,000</b>	<b>60,000</b>	<b>150,000</b>	<b>60,000</b>
9006 - Handivan Fleet Replacement	-	-	94,074	113,135	-	127,032	-	-	-	-



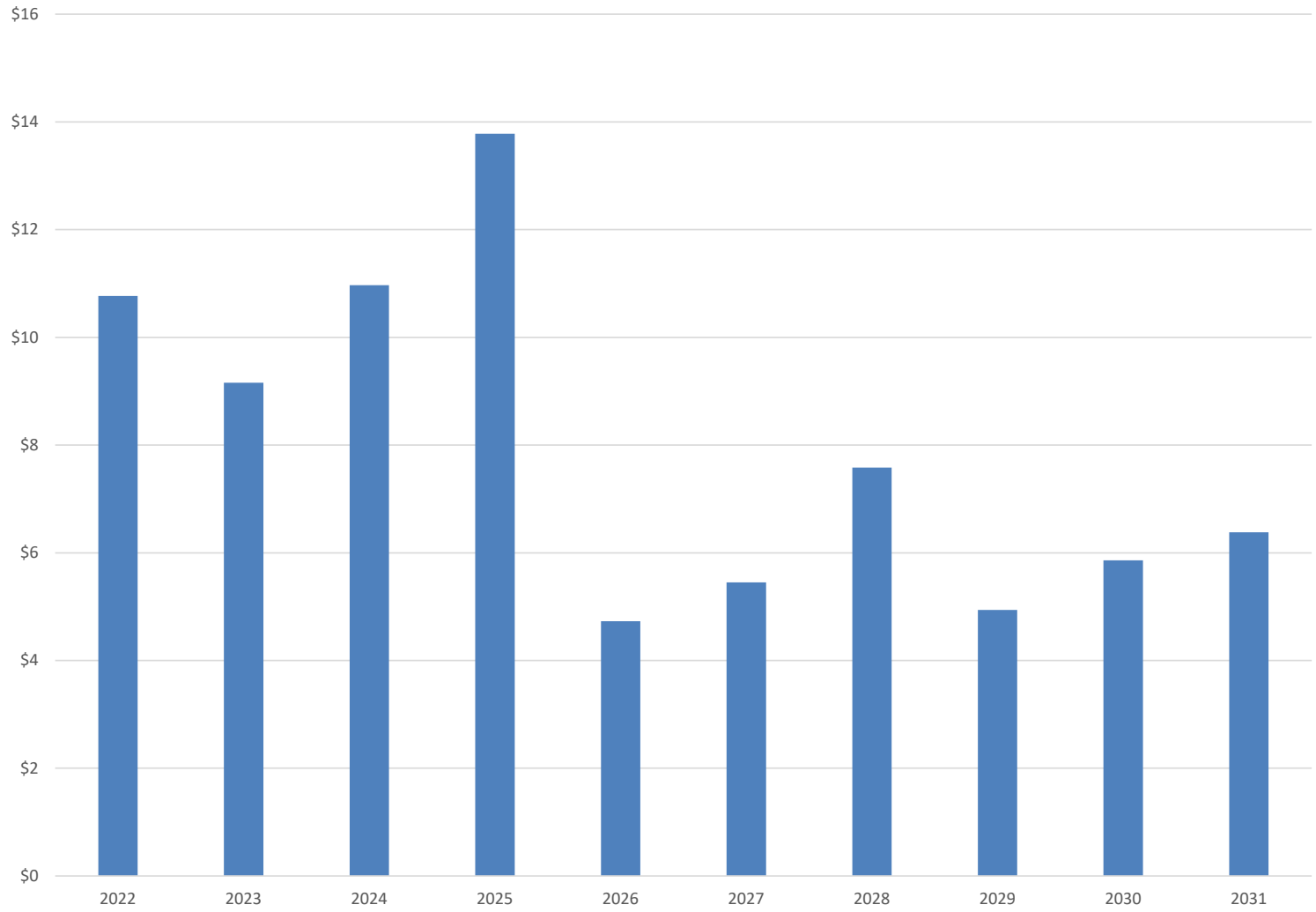
# Capital GL Account Summary - 10 Years

Budget Year 2022  
 Report Group Division

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Total 34 - Accessible Transportation Services	-	-	94,074	113,135	-	127,032	-	-	-	-
6755 - Lake Anne to Cranna Gravity Feed Storm Main	-	335,000	-	-	-	-	-	-	-	-
6886 - Old SE Lift Station Pump Replacement (Storm Sewer)	-	-	30,269	31,178	-	-	-	-	-	-
7069 - Storm Sewer Rehabilitation & Maintenance	-	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Total 37 - Storm Sewer	-	435,000	130,269	131,178	100,000	100,000	100,000	100,000	100,000	100,000
Total Transportation	8,256,605	6,277,184	3,159,250	3,956,079	3,265,932	3,644,334	3,176,949	3,570,256	3,156,917	4,117,812
6872 - Pumphouse D - New Reservoir (Area 16)	-	200,000	360,000	7,440,000	-	-	-	-	-	-
7070 - Water System Rehabilitation & Maintenance	-	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
7082 - Acoustic Water Leak Detection Device	7,500	-	-	-	-	-	-	-	-	-
7083 - Pneumatic Hand Tamper	-	6,000	-	-	-	-	-	-	-	-
7092 - Pump Replacements @ Pumphouses	59,026	53,542	17,911	-	-	-	-	-	-	-
Total 41 - Water	66,526	759,542	877,911	7,940,000	500,000	500,000	500,000	500,000	500,000	500,000
6742 - Camera - Sewer Service with Locate	-	-	17,830	-	-	-	-	-	-	-
6762 - Cranna Cove Lift Station - Replace Pump	-	13,261	-	-	-	-	-	-	-	-
6885 - Area 12 Lift Station	-	-	-	-	-	-	-	-	-	525,000
6894 - SE Lift Station - Additional Pump	-	-	-	45,020	-	-	-	-	-	-
7071 - Wastewater System Rehabilitation & Maintenance	-	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
7084 - RV Trailer Dumpsite Upgrade	-	-	15,500	-	-	-	-	-	-	-
7094 - Area 13 Lift Station	-	-	-	-	-	-	-	-	525,000	-
Total 42 - Waste Water	-	263,261	283,330	295,020	250,000	250,000	250,000	250,000	775,000	775,000
Total Utilities	66,526	1,022,803	1,161,241	8,235,020	750,000	750,000	750,000	750,000	1,275,000	1,275,000
<b>Total Expenditure</b>	<b>10,768,131</b>	<b>9,156,487</b>	<b>10,966,991</b>	<b>13,778,599</b>	<b>4,727,932</b>	<b>5,450,334</b>	<b>7,580,449</b>	<b>4,937,756</b>	<b>5,861,229</b>	<b>6,381,812</b>

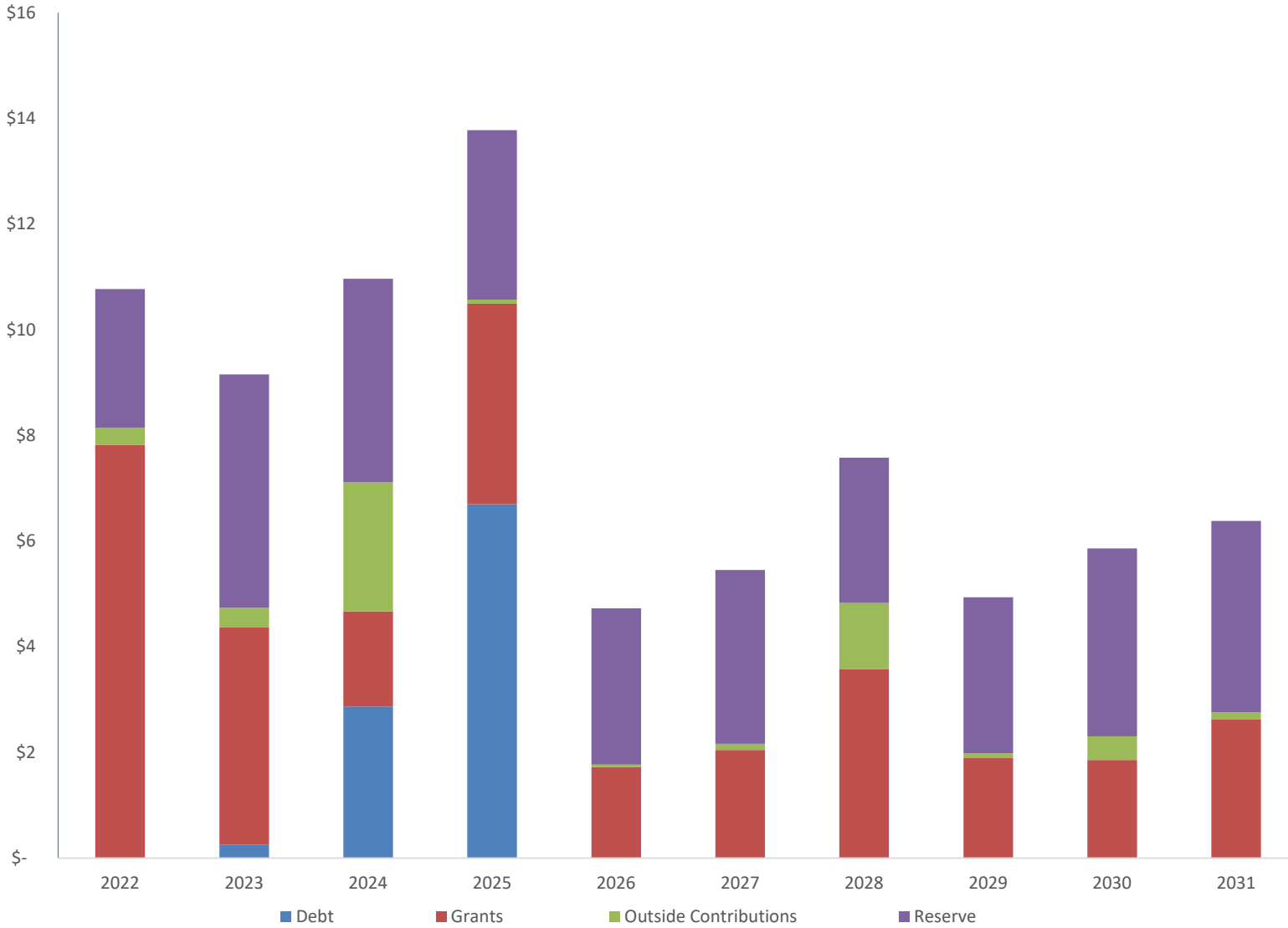
Millions

### Appendix 2 - 10 Year Capital Expenditures

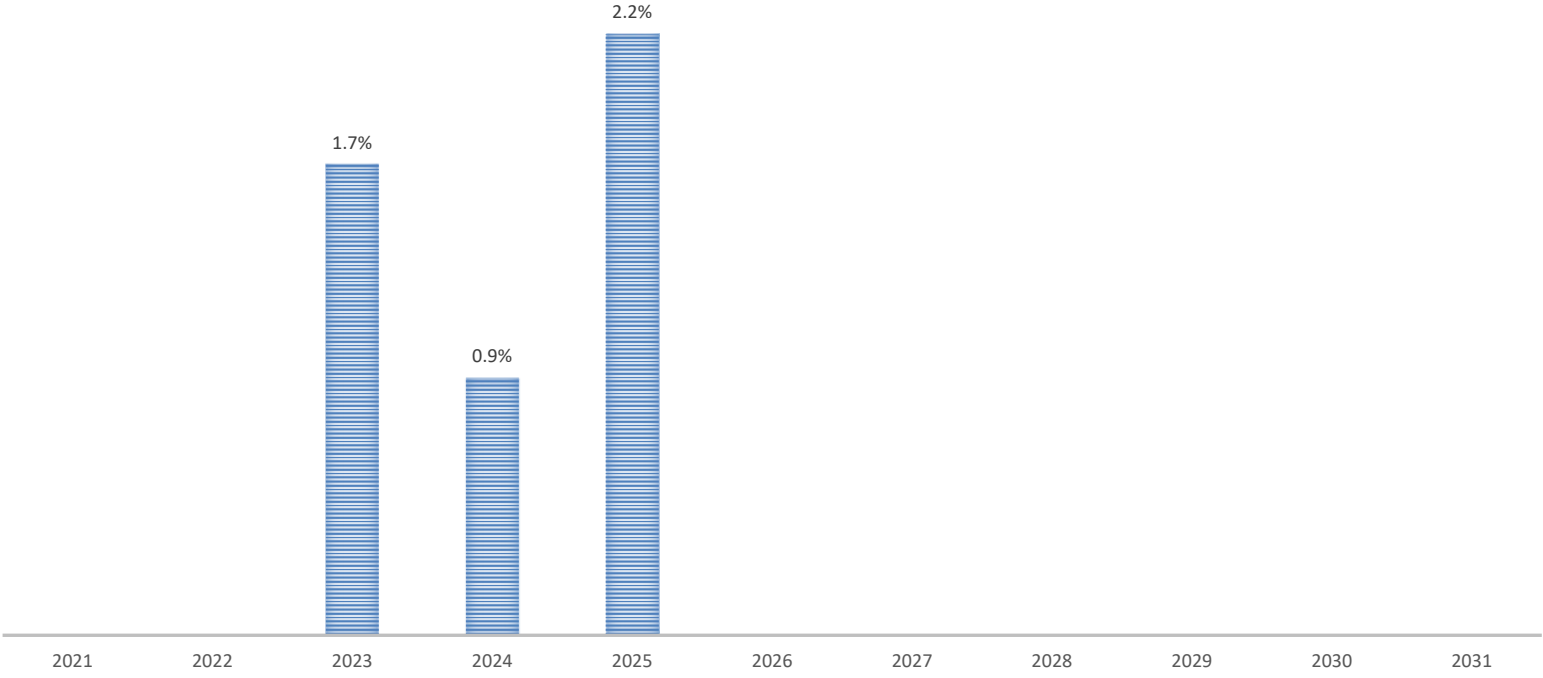


Millions

### Appendix 3 - 10 Year Capital Funding



**APPENDIX 4 - IMPACT OF NEW DEBT ON TAX RATE INCREASES**



Appendix 5 - 10 year Debt Servicing Projection

